

CONFIDENTIAL**ALM Credit Purchase Agreement**

This letter agreement ("Agreement") shall confirm the terms and conditions reached between SmithKline Beecham ("Seller") and _____ ("Buyer"), regarding the transaction set forth below.

1. **Term:** Commencing June 1, 2000 and extending through May 31, 2001 after which it may be extended by mutual agreement.
2. **ALM Credit Price:** \$____ per MW of PJM approved ALM credit per day.
3. **ALM Quantity:** Seller shall sell and Buyer shall purchase an amount of Active Load Management ("ALM") Credits as determined by the PJM Interconnection, L.L.C. ("PJM") according to PJM's ALM Credit rules as defined in *Schedule 5.2 Procedures for the Active Load Management Credit of the PJM Reliability Assurance Agreement effective 9/1/98*. Buyer will be required to submit to PJM for ALM credit approval the quantity Seller will make available through 9.0 MW of on-site generation from six units at 1.5 MW)
4. **Changes in ALM Quantity:** In the event that Seller can demonstrate through ALM events conducted pursuant to such PJM procedures that the controllable load is higher or the generators are capable of a higher output rating than the Quantity specified above, the Quantity shall be adjusted upward accordingly on the date PJM makes the ALM credit change effective. Similarly, should such events demonstrate that the controllable load or generators are incapable of a rating as high as the Quantity specified above, the Quantity shall be adjusted downward accordingly on the date PJM makes the ALM credit change effective.

In addition, if during the term of this agreement, Seller can no longer provide the full Quantity of ALM due to equipment failure or other significant change in operations, Seller shall immediately notify Buyer as to such change in Quantity, which shall amend this Agreement. As long as such notification is provided to Buyer prior to an ALM event, Seller shall not be liable for any PJM penalties that may result from the Buyer not accurately reflecting this change in its subsequent ALM submissions to PJM.

5. **Notification:** When PJM calls for an ALM event, Seller's ALM resources will be called on with 1 hour notice by Buyer for 6 consecutive hours per occurrence for up to ten occurrences per summer period, according to PJM ALM rules. Should Seller incur operational failure with any of its generating units, it will provide notification to Buyer within 1 hour of the occurrence. This notification will include the amount of the capacity that is unavailable and estimated length of outage.

All notifications of ALM events and operational failures shall be to the following:

Buyer: Phone _____
Name _____

Seller: Phone _____
Name _____



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- 6. Penalties for Non-Compliance:** If the Seller's unit capability or curtailable load is less than the Quantity when called upon, Seller agrees to pay any and all penalties as described below.

Operational Failure – If Seller is deficient during an ALM event due to any of the units not operating as a result of mechanical failure, and the Seller has notified Buyer per the Notification Section of this Agreement, and the Buyer can document that it has taken all the necessary steps to acquire replacement capacity during that occurrence, Buyer may charge Seller an amount equal to the deficient Quantity multiplied by the installed capacity deficiency rate of \$176.83/MW-day multiplied by thirty six and one half days. Such penalty shall be collected in the form of a deduction from any future ALM payments by the Buyer, up to the remaining value of the future ALM payments. Under no circumstances shall the Seller be liable for an amount greater than the total ALM credit payments (both paid and foregone) under this Agreement.

- 7. Cancellation:** Seller can cancel this contract with 2 business days notice if the value associated with continuing the program after non-compliance is less than the value given to them by the buyer. This only applies in the event that another compliance penalty would surpass the value of the ALM received by seller. The customer will still be entitled as stipulated in ALM rules to receive 3 days of payments for every 1 day that buyer had complied prior to cancellation.
- 8. Confidentiality:** Both Buyer and Seller agree to maintain all information and pricing in this Agreement as strictly confidential information. The information in this Agreement may not be released to any third party without the written consent of the other party, such consent not to be unreasonably withheld, delayed or denied.
- 9. Payment:** Buyer shall pay Seller on the last day of each month during this Agreement an amount equal to Quantity times ALM Credit Price times the number of days in the month, less any applicable penalties. Payments from Buyer to Seller shall be sent to:

SmithKline Beecham
709 Swedeland Road
Swedeland, PA
Attn: Mark Eckhardt

IN WITNESS WHEREOF, and intending to be legally bound, the undersigned have duly executed this Agreement on the date written below.

SELLER:
Aventis

BUYER:

By: _____

By: _____

Name: _____

Name: _____

Date: _____

Date: _____

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